

00546

1981/04/10



~~CONFIDENTIAL/NOPORN~~

OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON D.C. 20330

April 10, 1981

MEMORANDUM FOR B. C. EVANS
EXECUTIVE SECRETARY
CENTRAL INTELLIGENCE AGENCY

SUBJECT: Potential Munitions and Commodity Export Cases
with China.

As part of the ongoing review of U.S. policy with respect to China, DoD has been working with other government agencies to identify various categories of defense-related equipments which are under consideration for provision to China. (G/NF)

It is requested that the appropriate personnel at the Agency review this draft package and provide us comments on:

- a. Chinese need for materials described herein;
- b. the ability of the Chinese to pay for and/or use these materials; and
- c. expected Soviet reaction if the U.S. were to provide any or all of these items.

Any other comments you feel are germane to the general subject of such a relationship with the Chinese would also be appreciated. (G/NF)

A response by 1 May would be appreciated (if that is not reasonable, please let me know). (U)

H. Rixse
The Special Assistant

Attachment

DECLASSIFIED BY AUTHORITY OF

CIA

21 APR 78 93-12441
DATE CASE #

~~CONFIDENTIAL/NOPORN~~

Spec Asst
9 APR 1987

X13803
SEC DEF CONTR No.

POSITIONS CANNOT BE REFERRED TO DUE TO SECURITY CONCERN

MR. COOPER

Sum of 100 Cases referred to him by Office of Missionary Council, Department of State

CASES SHOWN SUMMARY

1. 6 (6 confirmed, 12 more probable, 12 unconfirmed)

2.

3.

4.

5.

6. 100 confirmed cases, 100 probable cases, 100 unconfirmed cases

Category	Number	Description
1. Strong PRC	1	PRC Agent, 1 confirmed case
2. PRC Agent, 1 confirmed case	1	PRC Agent, 1 confirmed case
3. PRC Agent, 1 probable case	1	PRC Agent, 1 probable case
4. PRC Agent, 1 unconfirmed case	1	PRC Agent, 1 unconfirmed case
5. Other, 1 - 1 confirmed case	1	Other, 1 - 1 confirmed case
6. Other, 1 - 1 probable case	1	Other, 1 - 1 probable case
7. Other, 1 - 1 unconfirmed case	1	Other, 1 - 1 unconfirmed case
8. Total	100	Total

Effect of Technical Data on Safety Function (Part 1) (CONT'D)

Serial No.	Date	Comments	Category	Comments	Category	Comments
101074	7 Mar 80	Propulsion - 1st	No/Type - 30, No/Type - 41, No/Type - 51A	Closed - no objection	No/Type - 41	No/Type - 41
101129	8 Apr 80	Lithium batteries - 1st	LTP-51/710 System Test Station	Closed - no objection	15 Apr 80	15 Apr 80
101171	9 Mar 80	OTCDO, 1st	1011/3 Countermeasures, 1st, decoy carriage, etc., SAR/TB-1000 for Carpe and Frouze	Closed - no objection	15 Jun 80	15 Jun 80
101543	20 Mar 80	Land-based Aircraft Comp.	Carriera C-130	Closed - no objection	15 Jun 80	15 Jun 80
101642	20 Mar 80	Quality of Tire & Rubber Co.	Portable Infrared Indicating System for Serial References, 1st	Closed - Withdrawn by Appt/1 year		
101792	21 Mar 80	Boeing Helicopter	SOCOM Helicopter	Closed - no objection	15 Jun 80	15 Jun 80
102079	10 Apr 80	Navigation	Telcom Gears	Closed - Withdrawn by OMC	15 Jul 80	15 Jul 80
102190	10 Apr 80	Flight	4th Generation Guidance	Closed - Withdrawn by OMC	15 Jul 80	15 Jul 80
102190	11 Apr 80	Impact	Aerojet's Solid Propellant Mortar	Closed - Withdrawn by OMC	20 Aug 80	20 Aug 80
102194	29 Apr 80	Search	Mobile	Closed - Withdrawn by OMC	15 Jun 80	15 Jun 80
			20 Apr 80			

Effect of Research Data on the Design of Aircraft Control Systems

Case No.	Date	Object	Description	Character of Information	Character of Information
10771	20 Apr 60	General Dynamics	General Surveillance Radar	Closed - no objection	Open - no objection
10800	6 May 60	Titanium	MILITARY PRODUCTION NEED	Closed - no objection	Open - no objection
10805	6 May 60	Lear D. Industries, Inc.	DATA AND MASS VELOCITY SENSORS	Closed - no objection	Open - no objection
10806	12 May 60	General Signal Corp.	TELEMETRY FOR AIRBORNE STATE ESTIMATION AND CONTROL SYSTEMS	Closed - no objection	Open - no objection
10807	13 May 60	AT&T (Bell Telephone)	ACCELERATION PREDICTION AUTOMATIC FLIGHT SYSTEM	Closed - no objection	Open - no objection
10808	20 May 60	Republic, Inc.	TECH. DATA AND TIME-DELAY	Closed - no objection	Open - no objection
11169	13 Jun 60	Boeing Aircraft Co.	BASIC TECHNICAL DESCRIPTION AUTOMATED AIRPLANE CONTROL SYSTEM	Closed - no objection	Open - no objection
11374	20 Jun 60	Convair Co.	TECH. DATA ON INSTRUMENT FLIGHT SIMULATOR	Closed - no objection	Open - no objection
11380	16 Jul 60	Grumman, Inc.	TECH. DATA AND DESIGN OF AIRCRAFT CONTROL SYSTEM	Closed - no objection	Open - no objection
11557	7 Aug 60	Convair Corp.	STRUCTURAL DESIGN PREDICTION SYSTEM	Closed - no objection	Open - no objection
11673	26 Aug 60	McDonnell Douglas	TECHNICAL DATA - OPERATIONAL RPT	Closed - no objection	Open - no objection

REPORT OF TECHNICAL FAILURES FOR THIS EDITION (VER 1.1 MC 2000)

Case No.	Date	Category	Description	Customer/Client	Entered By
1111742	22 Aug 00	Customer	From Regional Earth Resources Under Contract - No on contract	Customer	Entered
1112700	22 Aug 00	Customer Department	CAT Production Information	Customer	Entered
1113112	22 Aug 00	Customer Department	E-PC Software Structure	Customer	Entered
1114469	3 Oct 00	Customer Department	Information - 80-1464 Camera	Customer	Entered
1117240	6 Oct 00	Customer External Company	810-11 Automatic Rillite	Customer	Entered by Sales
1117272	10 Nov 00	Customer Department	On Components from Supplier, Long Delays	Customer	Entered
1117300	10 Nov 00	Customer	Customer Long Delays	Customer	Entered
1117304	10 Nov 00	Customer	Customer Long Delays	Customer	Entered
1117307	10 Nov 00	Customer External Company	From Supplier - Allowing Late Returns	Customer	Entered
1117314	10 Nov 00	Customer	Customer System	Customer	Entered
1117317	10 Nov 00	Customer External Company	Customer of Quality/Retainage of OEM	Customer	Entered
1117346	10 Nov 00	Customer External Company	Customer Long Delays	Customer	Entered
1117349	10 Nov 00	Customer	Customer, Adm/Prod. 111 (190)	Customer	Entered
1117350	10 Nov 00	Customer External Company	Customer CITATION Number 150 Allocated to Customer	Customer	Entered

(1) (2) (3)

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Temporary Board of Inquiry into Recent Anti-Submarine Warfare (ASW) Exercises

Case No.	Date	Subject	Description	Current Status	Comments
P-17943	20 May 60	Navigation	ADC-160 UHF Panel Terminal Radio, CIR-6150 VHF Panel Terminal Radio, ST-1105/ADC-160 UHF Demodulator Radio	Closed - no objection	Approved 11-1-60
P-17944	20 May 60	Navigation	ME/PAC-6A Series 6000 Series Battery Charger, ME/PAC-6A Series Battery, ME/PAC-6A Series 6000 Series Battery, and Technical Manual	Closed - no objection	Approved 11-1-60
P-17945	21 May 60	Navigation, Sonar	ME/PAC-6A Series Navigation Set, ME/PAC-6A Series Navigation Set	Closed - no objection	Approved 11-1-60
P-17946	21 May 60	General Dynamics	Lightweight Ground Surveillance System	Closed - no objection	Approved 11-1-60
P-18012	21 Jun 60	Lithium	Inductive Display Terminal (IDT) Closed - no objection	Approved 11-1-60	
P-18013	21 Jun 60	Marine-Johnson	RF Receiver	Closed - no objection	Approved 11-1-60
P-18021	21 Jun 60	People's Electronic Inc.	SEB-100 Radar Blockset Instrumentation Unit	Closed - no objection by AFCEC	Approved 11-1-60
P-18024	18 Jul 60	Telphon	Computer Interface Data Control System	Closed - no objection	Approved 11-1-60
P-18029	22 Jul 60	Treecat	Handheld Command System Displaying Station	Closed - no objection	Approved 11-1-60
P-18033		Alaris	Sight Vision Device	Closed - no objection by AFCEC	Approved 11-1-60

TRANSIENT EFFECT OF POLYMERIZED VINYL CHLORIDE ON INSTRUMENTATION (CONT'D) - LIQUID

Case No.	Date	Content	Description	Condition	Comments
P-19951	22 Aug 80	All General Corp.	Truck, 1/4 Ton, max 100m Ref/Adv. Countermeasures Division Langley, Va. (VA) Test Department Ref. Material: Propellite New Generation Hypalon, PTFE, Fluorocarbon Coatings Teflon, Tefzel, Viton, etc. Etc.	Closed - no objection Pending	Open
P-19952	22 Aug 80	Tracer	Model 9044 Electronic System Model 9044 Electronic System Model 9044 Electronic System	Closed - Pending	Closed - Pending
P-19954	22 Aug 80	Varo	Model 9044 Electronic System	Closed - Pending	Closed - Pending
P-19955	22 Aug 80	Varo	Model 9044 Electronic System	Closed - Pending	Closed - Pending
P-19956	17 Oct 80	Qatar Lufort Corp	Qatar Lufort 35A	Closed - no objection	Pending
P-19957	4 Nov 80	Anglo American	Ref/Adv. or MC-191 555 RD Radiation Surveyed System	Closed - no objection	Pending
P-19958	13 Nov 80	Spain International Inc	Ref. Surveyed System	Open	Pending
P-19959	13 Nov 80	General Dynamics	PDI-1174 Instrumentation System	Open	Pending

NON-IMPORT OR EXPORT OF MILITARY EQUIPMENT

Case No.	Date	Country	Description	U.S. Control Category	Controlled Item	Comments
SEC-4412	11 Jun 80	British Simulation, Inc.	602 Computer Generated Equipment for Pilots Training (Components for Helicopter Flight Trainers)	Closed - No Objection	5 Jun 80	PMIA
SEC-4479	20 Feb 80	American Electronic Lab.	The System (including Cavity Based and Spatial Antennas) Processor Transducers	Closed - No Objection	4 Jun 80	Approved
SEC-4514	19 Feb 80	American Electric	NR/AE-123) Tactical Navigation Box (for Air Helicopters) CMC-42) Change Helicopter	Closed - No Objection	4 Jun 80	Approved
SEC-4517	21 Feb 80	Telephone Systems Inc.	Ground Based Radiotelephone	Closed - Objection	16 Apr 80	PMIA
SEC-4521	23 Feb 80	Bunting Corp.	CM-11) Cellular Phone Manufacturing	Closed - Objection	16 May 80	Approved
SEC-4533	19 Feb 80	Gulf & Western Ind.	Secure Communications Equipment for Helicopters	Closed - No Objection	1 Mar 80	PMIA
SEC-4547	19 Feb 80	General Ind. Inc.	Ground Based Radios	Closed - Objection	16 Apr 80	PMIA
SEC-4555	10 Mar 80	General Electric	NR/REC-93 & NR/GEC-301 Telecommunications Comm. System TTS-43 Radios	Closed - No Objection	1 Mar 80	Approved
SEC-4564	17 Mar 80	Ardia Corp.	Automated mobile Operations Center	Closed - Objection	1 Aug 80	Rejected
SEC-4572	24 Mar 80	Westinghouse	NR/REC-93 & NR/GEC-301 Telecommunications Comm. System	Closed - Objection	1 Aug 80	Rejected
SEC-4574	5 Aug 80	Westinghouse	NR/REC-93 & NR/GEC-301 Telecommunications Comm. System	Closed - Objection	1 Aug 80	Rejected

APPROVAL OF USE OF DMS AND EXPORT OF EQUIPMENT

Case No.	Date	Section	Description	Current Status	Comments
OC-4616	12 June 80	Montgomery	AM/770-43 Radar	Open	Approved 6 Aug 80
OC-4617	12 June 80	Montgomery	AM/770-43 Radar	Open	Approved 6 Aug 80
OC-4618	4 Aug 80	Fairchild	Mobile Tactical Service Laboratory Facility & Long Range Aeriel Photogram System	Closed - No Objection	Approved 6 Aug 80
OC-4619	6 Aug 80	FMC Corp.	M54A2 Cargo Carrier & M113A2 Filter Recovery Vehicle	Closed - Withdrawn by DMC	Disapproved 6 Aug 80
OC-4620	9 Aug 80	Citizen International, Inc.	M-911 Truck Tractor	Closed - No Objection	Approved 2 Jun 80
OC-4621	10 Aug 80	Teladyne	Engines for Agusta and Military Vehicles	Closed - Withdrawn by DMC	Disapproved 9 Jun 80
OC-4622	10 Aug 80	LTV	SCOUT Launch Vehicle	Closed - Withdrawn by DMC	Approved 9 May 80
OC-4623	10 Aug 80	LTV	LR-33 ENG for P-7 (T48) and P-9 (T48-A Twin Engine Fighter Bomber)	Closed - Withdrawn by DMC	Disapproved 6 Jun 80
OC-4624	11 Jun 80	Sonica Corp.	Hughes 500MD Helicopter	Closed - No Objection	Approved 9 Jun 80
OC-4625	4 Jun 80	Teladyne	Cessna Citation aircraft as flying science laboratories	Closed - No Objection	Approved 26 Jun 80
OC-4626	13 Jun 80	Turbojet Electric Corp.	1000 Kilovolt-acme storage batteries used on R/C aircraft	Closed - No Objection	Disapproved 8 Aug 80

ANALYSTS' OPINION ON THIS REPORT OF INVESTIGATION

Case No.	Date Initiated	Category	Description	Current Status	Comments
AC-4904	13 Jun 80	Surveillance	Anti-aircraft command, terrain and fire control system	Closed - withdrawn by user	Disapproved 27 Aug 80
AC-4906	4 Jul 80	Surveillance	Sale and export of aircraft equipment	Closed - no objection	Approved 22 Dec 80
AC-4912	4 Jul 80	Surveillance	C-130As	Closed - no objection	Approved 31 Oct 80
AC-4914	4 Jul 80	Surveillance	900-DO Aircraft Defense Radar	Closed - no objection	Approved 26 Dec 80
AC-4916	14 Jul 80	Bombing	137-300 Transport Transport	Closed - no objection	Approved 3 Dec 80
AC-4918	15 Jul 80	Bombing	Modernize their current inventory of tanks	Closed - withdrawn by user	Approved 6 Aug 80
AC-4920	16 Jul 80	Bombing	V-150 Armored Cars	Closed - withdrawn by user	Approved 12 Aug 80
AC-4921	7 Aug 80	Bunker Cn.	Structures or Bunker Protection System	Closed - no objection	Pending
AC-4923	17 Aug 80	Meeting/Protests	Tech Data on Production of Metal-Formed Bunker/Fortifications	Closed - withdrawn by user	Pending
AC-4924	21 Aug 80	Leaf Blower	Sale and export of Airborne Refueling Reference Equipment to provide tactical fighter aircraft	Closed - withdrawn by user	Approved 16 Sep 80
AC-4949	21 Aug 80	Surveillance	Radar and exports of multiple layered laser equipment system (perforated). Cataloging equipment	Closed - no objection	Approved 4 Dec 80

ARMED FORCES INFORMATION CENTER REPORT OF ACTIVITY (Cont'd)

SAC ID	Subject	Category	Description	Customer/FBI Printed/Serialized		Customer/FBI Serialized
				On Hand	On Order	
EC-5065	27 Aug 80	For use	Varian 7000 Plotter/Printer	Closed - No action	Pending	
EC-5181	9 Sep 80	For use	Directional Scout Launch Vehicle System - Jan 80	Closed - No action	N/A	
EC-5187	9 October	For use	Mobile TCS-16-2 Camera	Closed - Withdrawn	Planned Cred	
EC-5190	10 Oct 80	N/A	Image Enhancement Reader	Closed - Withdrawn	17 Oct 80 Planned Cred	
			Equipment	by CMC	Oct 80	
EC-5192	10 Oct 80	For phone Co.	AT/TEC-170 Digital Telephone	Closed - objection	Planned	
EC-5194	8 Oct 80	For telephone	Communication system	Closed - Withdrawn	Planned	
			Magnetic measurement & treatment facility	by CMC	Oct 80	
EC-5195	17 Oct 80	Utiline Systems	Lan-131 line	Closed - Withdrawn	Planned	
EC-5232	18 Nov 80	Electroline Monitor	Militized MIL-computer	Closed - N/A	N/A - 3 Mar 81	
EC-5244	3 Nov 80	FMC Corp.	Mobile Cargo Carrier	Closed - No action	Pending	
EC-5247	3 Nov 80	FMC Corp.	Armored Infantry Fighting Vehicle	Closed - Withdrawn	N/A	
EC-5248	3 Nov 80	FMC Corp.	ARL-102 Armor and Personnel Carrier	Closed - Withdrawn	N/A	
EC-5249	15 Jun 81	Laser Sliders, Inc.	Target Beam Antenna	Closed - Withdrawn	Planned	

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PRC Dual-Use Export Cases Referred to DOD by Commerce

Department

Unlike the procedures which govern Munitions Control, the request for a license under the Export Administration Regulations constitutes a request for authorization to ship the item, not to negotiate the sale. The exporter has already negotiated with the ultimate consignee and has a contract in hand. Except for the few cases wherein the applicant has requested an advisory opinion, there is an "order" already in hand which the export will fill.

Therefore while only some of the cases listed herein fall within the purview of the 4 September list, all but the first case listed are for items that an element or Ministry of the PRC has requested. Therefore the items in question are not "hunting" expeditions by U.S. industry.

It is also necessary to point out that Group 2 of the 4 September list relates to a line of Honeywell and Digital Equipment (DEC) computers plus a level of disc drives. The specific DEC computer listed is a militarized version of the very popular PDP 11/36. This system is not manufactured by DEC, but by the Mordin Division of United Technologies.

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However the non-militarized version by DEC and computers of comparable or higher performance by other mainframe manufacturers were considered to be included or at least implied under Group 2.

James J. Hower
CAPT., USN
Assistant Director
for Technology Trade

PRC Dual-use Export Control Response to P.R.D. by C. M. D. P. H. S.

Subject: Proprietary Group and Category from 1 Sept 1980

List of 210 cited items with applicable PRC export laws

ITEM NO.	VALUE	COMPANY	REMARKS	
			COMPOSITE	
None	None (no stated cost value)	McDonnell Douglas	DC-9-80 licensed production- basic policy involved. Service and guidance requested. (Joint cooperation in commercial transport aircraft production)	Approval in Principle 31 Jan 80
N/A	\$ 26,000	GTE Sylvania	Demo of voice digitiser	Approval with provision. 17 Jan 80
391799 OC 6164				
399566 OC 6171	\$ 500,000	McDonnell Douglas Corp.	Specially designed parts and accessories for use in manufacture of aircraft	Approval 7 Feb 80
N/A				
397392 OC 6180	\$ 6,517	Mediatek Corp.	NYCAM Optical Heads	Approval - 6 Mar 80
N/A				
373421 373438 OC 6180 373441	\$ 1,009,000 Price included in back-order of finished IC	MOSTAR Corp.	Establishment of a facility to manufacture ICs	Approval with Proviso 22 May 80
373441 OC 6180				
373441 OC 6180				

<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
1 197446 OC 6175	\$ 4,000,000	Aleventh Industrial Co.	IC Discs	Approval - 22 MAY 80
2 420368 OC 6193	\$ 441,345	Geometrics Inc.	Computer System for Uranium Exploration	Approval with provisos 7 August 1980
3 422847 OC 6203	\$ 10,679.54	Westinghouse Electric Co.	4 Axis CMC Unit, report from UK	PAC List - 7 August 1980
4 197447 OC 6193	\$ 26,934.00			
5 2,305,487	\$ 2,305,487	Burroughs Corp.	Burroughs BESL Computer System for US Sponsored Information Processing and Training Center	Approved - 7 August 80

OC DOCUMENTS

ITEM NO.	VALUE	COMPANY	COMMODITY	REMARKS
411759 OC 6186	\$ 40,000	General Electric	4 Axis CNC Units, C.G. 1050 MC, temporary export	<i>Deferral</i>
411677 OC 6137	\$ 480,497	Schlumberger Tech Corporation	Temporary export of a DCC/VAX 11/780	Awaiting classification statements from supplier <i>Deferral</i>
411678 OC 6137	\$ 30/-	Digicon Inc.	Advisory opinion on proposed export of DCC VAX 11/780 computer system for seismic processing	Deferred subject to regards issue below developed for Western Geophysical - 2 Aug 81 <i>Deferral</i>
411679 OC 6137	\$ 30/-	Western Geo- Physical Co. of America	IBM 3033 computer for oil exploration	US-owned and operated <i>Deferral</i>
411680 OC 6208	\$ 12,723,112	Digital Equipment Corp.	Report (in Japan - VME) graphic display with VME controller, request for advise and guidance	<i>Deferral</i>
411681 OC 6212	\$ 115,210.00	Digital Equipment Corp.		
411682 OC 6212	\$ 336,465			

<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
1116463 DC 6212	\$ 15,210.00	Digital Equipment Corp.	Report from Japan - VAX17 graphic display with VTI1 controller, request for advice and guidance	<i>Approved by [Signature]</i> <i>V. J. Woodward</i>
1117120 DC 6212	\$2,371,592.00	SPERRY WORLD TRADE	Loan of Univac 1100/11 computer system for "Joint Project" and maintenance training of PRC Personnel	

TECHNICAL DATA

<u>SIR NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
μA 306491	No stated Cost value	United Technologies Corporation	Tech Data for manufacture or selected components of Pratt and Whitney of Canada PT6-6 turbo-shaft aeroengine	No objection as long as release is limited to PT6 engine as requested - 6 Mar 80
μA 407117	\$159,000,000	Aluminum Co. of America	Tech Data, construction, operation, 3 aluminum smelters, Alcoa 697 pot cell design including ancillary facilities	No objection 25 Feb 80
μA 408742	\$ 2,000,000	Union Oil Co. of California	• Tech Data - Design, construction and operation of uncracking Hydrocracking unit	No objection 3 Jan 80
μA 413024	\$ 5,000,000 (test)	Axle Budget	Tech Data - Engineering design, construction, operation and maintenance of plant to hydro-treat naphthalene and produce phthalic anhydride from desulfurised naphthalene	No objection
μA 413103	\$159,009,000	Aluminum Co. of America	Tech Data - Basalite and Leadone mine and an alumina refinery plant	No objection 11 Apr 80
μA 413112	\$ 1,000,000	Union Carbide Corp	TD for purification of hydrogen using pressure swing absorption system	No objection 18 March 80

<u>BTR NO</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
PA 420112	\$ 212,000	Allied Chemical Corp.	Tech Data - construction operation and maintenance of gas purification plant for removal of acid gasses.	No objection 7 Apr 80
PA 420901	\$ 315,000 (approx)	MCCRAN-Elliott Co.	Tech Data - Manufacturing drawings, design, procedures, manuals, specs, training, production of industrial and commercial electrical power shunt capacitors	No objection 9 Apr 80
PA 421001	\$ not Yet negotiated	Rohm & Haas Co.	Tech Data for production of acrylic emulsion polymers	No objection 19 Mar 80
PA 421000	\$ not Yet negotiated	WABCO Construction and Mining Group	Tech Data - Construction of structural components of off-highway trucks in 120 and 170 tons capacity and final assembly	No objection 21 May 80
PA 420750	\$ 25,00 (Reproduction cost of drawings)	Sperry Corp.	Manufacturing drawings, specs, and test data relating to heavy machinery portion of Sperry Gyrofin Ship Stabilizer	No objection 29 April 80
PA 424314 424315 424316 424317 424318,19	\$ 6,000,000	Shell Development Company	Tech Data - geological data offshore including maps	No objection 7 Apr 80

<u>ITEM NO.</u>	<u>VALUE</u>	<u>CURRENT COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
PA 414745	\$ 50,000	Bentfield Corp.	Tech Data for removing carbon dioxide/hydrogen sulfide from synthesis gas	No objection - 21 Apr 80
PA 414903	\$ not applicable	Coca Cola Co.	Tech Data for construction of a facility to produce Coca Cola	No objection - 24 Jun 80
PA 415620	\$ 120,000 plus royalties	Rosemount Inc.	Tech Data for production of model 1151 electronics pressure transmitters	No objection to release of basic tech data 14 Apr 80
PA 416780	\$ not stated	Singer Co.	Know-how technical info and tech data for assembly and manufacture of household sewing machines	No objection - 4 Mar 80
PA 416953	\$ not applicable	Allis Chalmers Corporation	Blueprints, mechanical drawings, and material specs for proposed package for tractor parts	No objection - 13 Mar 80
PA 418443	\$ 700,000	Davy McKee Corp.	Tech Data feasibility study for expansion of Chiao and Hsue gold and silver mines, benefaction plants and recovery plants	No objection - 14 Feb 80
PA 418990	\$ 4,000,000	American Cyanamid Company	Tech Data - Titanium dioxide plant and waste treatment plant	No objection - 22 Apr 80
PA 417030	\$ 850,000	G.E.	Drawings, specs, assembly, test	No objection - 30 Jun 80

b training/assmt. of TV reflection

DTR NO.	VALUE	COMPANY	REMARKS	
			YATES	COMMDTY
410157	\$ 25	Sperry Corp	Specs and drawings related to a Sperry MK37 and Mod 1	No objection - 11 Jul 64
420944	\$ 3,000,000	G.E.	Drawing, Specs, Assembly, tests and training related to assembly of black and white TV receivers and chassis	No objection - 3 Jul 64
433076	100,000	Sperry Corp.	Drawings, process sheets, specs, quality control and test procedures relating to production of a series of industrial hydraulic control valves	No objection - 17 Jul 64
417950	\$ no cost value	Sperry Corp.	Request for quotation for manuf. of of small vessel autopilot Sperry Model 6T	No objection - 10 Jul 64
440263	\$ no stated	Garrett Corp.	Request for quotation to manuf parts in PRC on environmental cc trol systems on Boeing 707, 727, 474, 767 model aircraft	No objection - 31 July 64
445275	\$ not applicable	Keron Corp.	Set of drawings for Xerox Model 1300 copying machines	No objection - 11 Aug 64
506358	\$ n/a	Hughes Tool Co.	Drawings, specs to produce core type rock bits	No objection - 28 Aug 64

TECHNICAL DATA CASES			
STR NO.	COMPANY	COMMODITY	REMARKS
432476	Sperry Corp.	Manufacturing drawings, process sheets, etc. industrial hydraulic control	No objection - 16 July 80
440528	MEAN United Inc.	TD to galvanizing line, coil painting line and coil forming line associated with cold rolling mill steel plant	Received 13 Aug 80 No objection - 8 September 80
501227	Hughes Tool Co.	Know-how, info, tech assistance and training production and use of oil field rock bits	Received 30 July 80 Comparable to Drawn case for USSR Received 8/7/80
506158	Hughes Tool Co.	Drawings, spec to produce core type rock bits	Closed by Dr. Carter

MAILED MEMO			
ITEM NO.	VALUE	COMPANY	COMMODITY
406923 W-1375	\$ 229,640	Cameatsu- Gabo Inc. (USA)	Manufacturing equipment for ICA
404719 W-1354	\$ 4,565	Hewlett Packard	Scope and Probe
405981 W-1362	\$ 108,125 198,160	Laser Analytics Inc.	Laser source spectrometer
400864 W-1371	\$ 15,000	IBM Corp.	Scope
409700 W-1370	\$ 71,680	Kelthley Instruments Inc.	Digital Multimeter
407104 (RCA) 417501 (PRC) W-1382	\$ 96,105 31,739	Geometrics Inc.	Magnetometer
413974 W-1364	\$ 41,200	Burlington Instru.	Demo of PCL Laser

REMARKS

Deny Request to tel 2101
Approve PMS 500
20 Jan 80

No objection - 10 Mar 80

No objection from techni-
cal standpoint, com-
for USSR should be
replied after relictin-
tion of procedures
10 Mar 80

No objection - 7 Feb 80

No objection - 14 Feb, 1980
No objection - 17 Apr 80

No objection - 13 Mar 80

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<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
424915 W-1406P	\$ 435,250	IBM World Trade Corp.	Export of IBM 370/138 Computer System	No objection with provisions - 11 Jun 80
433368 W-1400	\$ 11,160	Hewlett-Packard	Microwave Test Amplifiers	No objection - 19 May 80
393944 W-1402P	\$ 102,300	Digital Equipment Corp.	Report from Hong Kong - DDP 11/14 computer system with RT01 disc drive and UR 17 graphic display	Approved DDP 11/14 denied graphic display 10 Jun 30
420111 W-1405	\$ 107,554	BC&G Geometrics Division	Magnetometer Systems	Approved - 25 Jun 80
4111559 W-1407	\$ 10,480	RCA	Photomultiplier Tubes	Approved - 21 May 80
437929 W-1410	\$ 28,000	Hewlett-Packard	Centaur Beam Frequency	Approved - 25 Jun 80
419288 W-1421	\$ 21,000	CGIG	Spectroadiometer System	Approved - 25 Jun 80
413488 W-1431	\$ 16,500	Fluke Int'l	Counter	Approved - 10 Jul 80
406780 W-1380P	\$ 46,120	Hewlett-Packard	Calculator with Frequency	Approved - 10 Jul 80
447136 W-1433	\$ 10,357	RCA	Photomultiplier	Approved - 16 Jul 80

The two RCA counter photomultiplier units
are erroneous/accidental purchases.
If no longer needed, the customer may change to C-12
which has a scale to megahertz and an
easily erasable analog dial.

WAIVER METHODS					
ITEM NO.	VALUE	COMPANY	COMMODITY	REMARKS	
401 351693 A# W-1113	\$ 68,000	General Electric	4 sets. EG 1050 MCL CMC units with parts and accessories	<i>1</i>	
401 420630 A# W-1390P	\$ 5,253,000	MTS Systems Corporation	Aircraft structural loading and Data Acquisition System	No objection	8 October 89
401 401134 A# W-1392P	\$ 331,298	Perkin Elmer Computer Systems Div.	Model 4/32 computer system with 300 Mbyte disc drives	<i>1</i>	
401 390677 A# W-1604P	\$ 27,763	Tektronix Inc.	Tektronix Graphic Terminal	<i>1</i>	
401 426906 A# W-1412	\$ 116,012	Hudson Inc.	Holographic Laser Systems	<i>1</i>	
401 440964 A# W-1415P	\$ 15,480	Citation Computer Systems	Intel Microcomputer development systems request for advice and guidance	<i>1</i>	
401 434603 A# W-1418P	\$ 25,000	Acoustic Technology Corp.	Acoustic Emission Test System	<i>1</i>	
401 415865 A# W-1424P	\$ 4,000	Crossaco International Inc.	Single card computers	<i>1</i>	
401 416959 A# W-1435P	\$ 45,000	General Telephone & Electronics (GTE)	Proposed demo of a GTE-120 PBX	No objection	1 August 89

<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
442915 W-1429	\$ 36,000,000	Douglas Aircraft Corporation	Search tools (Master tools) used in production of the DC-9-80	No objection - 17 September 80
364225 364226 364221 364234 364227 364228 364229 364232 364233 W-1438	\$ none	Geophysical Services	Sediment Exploration	w/cond. 17 September 80
446051 W-1435	\$ 21,154	Fluke Int'l	Calibrator	
435942 W-1441	\$ 10,000	IBM World Trade	Maintenance device for IBM disc storage	No objection - 8 September 80
435860 W-1444	\$ 167,492	Apollo Laser, Inc.	Ruby Holographic Laser and Camera System	No objection - 8 September 80
3 W-1449 3 W-146066	\$ 11,200	Infrared Assoc. Incorporated	Infrared detector	Additional info requested - 8 September 80

*Revised 10/10/80
Approved by [Signature]
[Signature] [Signature]*

<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
431632 432633 W-1447	\$ 18,420 112,375	B&P Sales Corporation	Infrared radiation detection equipment	No objection - 21 September 80
W-2611 504622 502634 502639 502706 W-1452	\$ 65,000 approx.	Analog Devices	Various converters, etc.	
A/A W-1457	\$ 158,750 7,300	Systems, Science and Software	E-Beam Laser Systems	
506128 W-1458	\$ 13,125	Hewlett-Packard	Oscilloscope	No objection - 29 September 80

<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>OBJECTION</u>
PA 438911	\$ 12,919	Raytheon Company	Electron tubes, magnetotubes, water jacket, O-ring gaskets	No objection - 8 July 64
PA 441600	\$ 16,969.99	Varian Corp.	Parts for Varian 620L-100 System	No objection - 16 July 64
PA 445210	\$ 72,655	Electronic Associates, Inc.	EAI 2000 analog computer	No objection - 10 July 64
PA 445212	\$ 21,463	Hewlett-Packard	Spectrum analyser	No objection - 11 July 64
PA 445213	\$ 210,000	Keston Corp.	Air Traffic control processing and display system, low noise amplifier	No objection - 11 July 64
PA 445214	\$ 1,125	Li-VI Inc.	Tinc Selendie Optical airports	No objection - 15 July 64
PA 447111	\$ 2,017	National Semiconductor Corporation	LW4250	No objection - 25 July 64
PA 447962	\$ 2,970	EG&G	SSO radiometer system and accessories	No objection - 23 August 64
PA 500691	\$ 1,348,437	Ampex Int'l	Videotape recorders reproduces	No objection - 25 July 64
PA 505711	\$ 129,500	Digital Equip-	1 PDP 11/36 computer system	No objection - 26 August 64

*Not subject to law, and therefore
not subject to inspection
or other sweeps 3 or 6*

REMARKS
Approved - 26 Aug 81

COMPANY
Hewlett-Packard

VALUE
\$4,677.00

ITEM NO.
505757

*Brown
Lem*

BTM CASES		
	COMPANY	COMMODITY
4415814 11-VI Inc.	\$ 361,715	Cylindrical grinder, water edge grinder, silicon wafer grinder
4415862	\$ 36,000	DEC PDP 11/04 computers w/28K of core memory
A 43134 AM.	\$ 220,319.10	Intended to include teletype, print head, Fortran programming language to Fortran IV
A 504692	\$ 1,304	VTR 250 cassette video recorder
A 504691	\$ 1,950.00	Kantman Kodak Co. film
A 423553	\$ 11,790.00	CPU, LSI, Floppy Disc, discwriter, diskettes
A 447121	\$ 1,217.00	Translators
A 444190 AM.	\$ 26,000.00	Spare parts for CDC Cyber 18-20 computer systems

No objection
24 September 1967

No objection
6 September 1967

No objection
13 August 1967

No objection
31 July 1967

No objection
6 September 1967

No objection
10 September 1967

No objection
6 September 1967

ITEM NO.	VALUE	COMPANY	COMMODITY	REMARKS
A 506153	\$ 2,187.00	Analog Devices Inc.	Converters	
A 507340	\$ 734.00	Kodak Co.	High Definition Serial file	Deny - 2 Oct 60

<u>ATR NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
505711	\$ 129,500	Digital Equipment Corp.	1 PDP 11/34 computer system with associated spares, supplies, and software.	No objection - 26 Aug 81
504701	\$ 1,056.87	Laser Precision Corporation	Energy ratiometer, probe	No objection - 27 Aug 81

COMPUTER MEMOS					
<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>	
401050 CM 2188	\$ 4,215	Texas Instruments	Demo of portable terminal incorporating bubble memory device	Denial - 7 Jan 80	
198070 CM 2221 (USSR)	\$ 10,890	World Corp.	Marland Model 3001 processing digital oscilloscopes	No objection - 28 Jan 80	
198019 CM 2221	\$ 28,018			No objection - 28 Jan 80	
198037 CM 2257	\$ 54,812			No objection - 28 Jan 80	
405584 CM 2261	\$ 245,810	Digital Equipment Corporation	DEC PDP 11/34 computer w/ME07 disc drives	No objection - 28 Jan 80	
406396 CM 2304	\$ 700,000	Great Geophysical Corporation	Seismic data processing system with array transducers processor	No objection - 28 Jan 80	
410648 CM 2304	\$ 54,000	Mohawk Data Sciences Corp.	2 KDS 21/50 multiple application processing systems	No objection - 10 Mar 80	
411020 CM 2307	\$ 20,000	Hewlett-Packard	HP1000 Model 30 computer for use in a C-100 Planicomp stereoplottin	No objection - 10 Mar 80	
420216 CM 2321	\$ 54,000	IBM World Trade Corp.	Service (Customer) engineering education on IBM Series I Computer Systems (Tech Data)	No objection - 22 Feb 80	

<u>ITEM NO.</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
420217 CM 2327	IBM World Trade Corp.	Custodian Engg/Engineering Education on IBM 4331 Computer System (Tech Data)	No objection provided it is understood this will not prejudice US position on hardware - 11 Apr 80
993645 CM 2343	Sackman Assoc.	Model 4047A disc drive, printer and accessories for use with PRC computer	No objection provided tech data is limited to standard operation and maintenance info - 22 Apr 80
419921 CM 2345	Aluminum Co. of America	3 DEC PDP 11/34 computer systems	No objection - 22 Apr 80
421514 CM 2357	Colorado Video Inc.	Digital Image processing equipment	No objection - 5 Jun 80
417328 CM 2358	Burroughs Corp.	Burrroughs B92 Computer System	No objection - 14 May 80
366352- 366353- 366356- 366368- CM 2363	WANG Labs	Enhancement of computer systems with WANG 2263V disk drives	No objection - 25 Jun 80
429821 CM 2368	ASEA AB Sweden	Report from Sweden - 3 Modcomp computer systems for use in Electric Power Distribution	No objection - 1 Jul 80

<u>ITEM NO.</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
111255 CN 2355	\$ 445,544 WANG Labs	Demo of WANG Computer Equipment	No objection - 14 MAY 100
102987 CN 2359	\$ 123,739 Electronic Associates Inc.	EAI 2000 Analog/Hybrid Computer System	No objection - 3 JULY 100
109962 CN 2440	\$ 99,203 Perlin-Kiser	Enhancement of DJS-104 computer (PRC Origin) with tape units	No objection - 29 AUGUST 100

COMPUTER MEMOS				
DTA NO.	COMPANY	COMPARTY	COMMODITY	REMARKS
188139 (PRC)	\$ 132,620	Dunegon Endeavor	Computerized Source Location	No objection - 19 September 84
390768 (PRC)	\$ 112,620		System (Acoustic Emission Monitoring Systems)	
417304 (Hungary)	\$ 262,748			
CM 2341				
419601 CM 2367	\$ 1,363,813	IBM World Trade	One IBM 4331 and 2 IBM Series computers	
432259 CM 2390	\$ 10,300	Chow Yang Co. El Cerrito, CA	Microcomputer parts and accessories	
434442 CM 2393	\$ 3,000,000	Health Company Intel Division	2000 sets of MSX digital computer w/HP 89/H-8-21 disk drive operating systems with microsoft basic	No objection - 10 September 84
501007 CM 2395	\$ 106,400	Sackman Assoc.	Parts and components for Nova 4/X Computer used in testing construction material	Requested additional info 25 July 84
993909 CM 2414	\$ 1,100,000	Canadian Embassy	Report from Canada - Computer System for Processing Geological data	No objection - 17 September 84
432294 CM 2341	\$ 260,000	Digital Equipment Corp.	Export of PDP 11/34 computer	

<u>SFA NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
A 41879 CM 2435	\$ 7,340	Argonne Laba	Computer and related equipment for Institute for High Energy Physics	No objection - 12 September 80
✓A 5dJ795 CM 2421	\$ 70,185	Kennedy Co.	Model 9300 tape drives, 9218 formatter, No objection - to enhance Command III A computer systems	No objection - with conditions - 18 August 80
✓A 414877 CM 2465	\$ 105,591	Texas Instruments	Computer System	No objection - 21 September 80
✓A 435840 CM 2448	\$ 162,050	Wang Laba	Wang Computer with High EBTR	Concur with Commerce 21 September 80
✓A 440042 CM 2460	\$ 85,000	Digital Equip- ment Corp.	PDP 11/04 systems with RLL11 RL01 disc controller drive	No objection - with conditions - 8 October 80
✓A 442634 CM 2464	\$ 100,000	Digital Equip- ment Corp.	PDP 11/34 16 bit CPU with with 2.1 Mbits semiconductor memory	
✓A 445614 CM 2446	\$ 160,000	Systems Tech. Int'l Inc.	DEC PDP 11/34 CPU with RL02 and CAMAC Interface	
✓A 501986 CM 2417	\$ 149,230	ICL	2 NOVA 4/8 Computer systems	No objection - 21 September 80

BTR NO.	VALUE	COMPANY	COMMODITY	REMARKS
503733 CM 2441	\$ 9,680	Teching Import		Proposed denial of IL 1529 equipment
503796 CM 2462	\$ 276,105.00	Burroughs Corp.		Denial of Burroughs Computer System
503371 CM 2641	\$ 1,153.79	Geospace Corp.	Spare Parts for A CS C 1704 seismic digital computer processor	

EQUIPMENT THE PRC HAS EXPRESSED INTEREST IN -
NO EXPORTS LICENSE APPLICATIONS SUBMITTED

(as of 24 Feb 1981)

<u>EQUIPMENT</u>	<u>SUPPLY COMPANY</u>
COMSEC Gear	Technical Communications Corp.
QTR Radar	General Electric
Domestic Communications Satellite	Hughes Aircraft
Night Viewing Devices (all types)	Venus, Vare, ITT, et al
TPS-59 Radar	General Electric
Aircraft Engines and Accessories	Pratt-Whitney & GE
Inertial Navigation System (LTM-51)	Littton

~~SECRET~~
OFFICE OF THE UNDER SECRETARY OF DEFENSE

WASHINGTON D.C. 20330

6 March 1981

RESEARCH AND
ENGINEERING

MEMORANDUM FOR ACTING DEPUTY UNDER SECRETARY (INTERNATIONAL PROGRAMS AND TECHNOLOGY)
DEPUTY ASSISTANT SECRETARY (EAST ASIA & PACIFIC AFFAIRS),
INTERNATIONAL SECURITY AFFAIRS
OFFICE OF GENERAL COUNSEL (INTELLIGENCE, INT'L & INVESTIGATIVE PROGRAMS)
DEFENSE INTELLIGENCE AGENCY (ASS'T VICE DIRECTOR FOR SCIENTIFIC & TECH INTELLIGENCE)
DIRECTOR FOR FAR/MIDDLE EAST/S HEMISPHERE AFFAIRS (DOSD/IP&SI)
ORGANIZATION JOINT CHIEFS OF STAFF (JS - FAR EAST/SOUTH ASIA DIV)
DEPARTMENT OF THE NAVY (OP-42)
DEPARTMENT OF THE AIR FORCE (CVAIP)
EXECUTIVE OFFICER, OSDR&P

SUBJECT: PRC JIG-21 Engine Overhaul-Coating Request (C)

(C) On 2 March 1981 (13:25-15:31) I received a phone call from Mr. Lennox E. Black, President of Teleflex, Inc. (parent company of Sermatec, Inc.). Mr. Black stated that the Chinese (PRC) had told him that the Chromalloy American Corporation had recently received approval from the USG to coat three Chinese JIG-21 aircraft engines with their special ceramic-metallic oxide coatings, and that once coated, the engines were to be returned to the PRC for Chinese test and evaluation.

(C) Mr. Black further indicated that the Chinese would like for his company to likewise coat seven other JIG-21 engines using the Chromalloy-J process. Sermatec would, like Chromalloy, also return the engines back to China for their test and evaluation. He asked if the Chinese statement was true; and if so, would his company receive the same treatment? I remarked that I would look into the situation and that all companies would be treated the same.

(C) LtC B. A. Meissner, Director, Munitions Control Staff of my Office, reviewed all DoD cases for the PRC and also contacted the Office of Munitions Control (OMC) at State to see if they had either received or approved any such license for the PRC. Neither OSDR&P nor OMC files revealed any such license application or resultant approval. Mr. Wm. Robinson, Director of OMC, did indicate to LtC Meissner, however, that he had heard there might be such an application forthcoming shortly. Under the present guidelines as noted in Newsletter 81 and subsequent interpretations thereof, license applications of this type cannot be approved. Mr. Robinson further stated that he would either disapprove or return without action (RWA) all such applications.

(C) At my request, Mr. Robinson indicated he would not disapprove or RWA such license applications until we had the opportunity to discuss them in detail. He was also asked to immediately inform me and his superiors whenever the Chinese, Chromalloy or Sermatec/Teleflex do submit applications for this purpose.

CLASSIFIED BY: DOSD(IP&SI)
DECLASSIFIED ON: 6 Mar 1987

~~SECRET~~

RECLASSIFIED BY AUTHORITY OF
OSD

21 MAY 96 93-F-2441
DATE

~~SECRET~~

(C) The primary rationale for requesting OMC/State to delay immediate adverse action on these licensees is because of the potential opportunities they provide the new administration. If approved, they would allow the U.S. to cautiously move into a moderate but closer defense relationship with the Chinese; and it would provide the type of technical assistance they have repeatedly emphasized they need with respect to their interceptor aircraft.

(U) Approval in this instance is obviously a major policy decision, and not simply an operational or technical one, even though the number of engines involved is small and the objective is simply to coat the engines, not transfer the technology. For your information, U.S. companies have set up similar coating facilities in both Western European and East Asian (e.g., Japan and Malaysia) countries, and could be approached by the Chinese to perform the same service.

(S) There are, of course, other potential benefits to the U.S., not the least of which would be the excellent opportunity to exploit the Chinese engines for technical intelligence purposes. If considered appropriate, arrangements could probably be made for the U.S. to assist the Chinese in a joint test and evaluation program. This would be extremely helpful to us if proper test controls and conditions were followed and we had access to all of the test results.

(C) An advantage to approving this type of license application is the fact that only the result (or product) of U.S. technology would be exported. Neither the production know-how nor a process-line type of capability would be exported. Of itself, it potentially opens up for consideration other U.S. services which might be made available to help the Chinese improve their overall tactical posture. At the same time, however, this approach would have the PRC dependent upon the U.S. for future services, unless of course, later USG decisions permitted the technology and process equipment to be exported. Providing only services has other advantages as well. It is, for example, much less dramatic and provocative vis-a-vis the USSR, and is consonant with the step-by-step approach to improving US-PRC relations agreed to during earlier meetings with the Chinese. It would most likely require consultations with our COMINT allies, however, as well as a revision of existing guidelines.

(C) The potential disadvantages of approval are those associated with any closer defense relationship with the Chinese. In addition, the Chinese could convey the results of their tests and evaluations to the USSR. The net benefits to China of their doing so are less obvious, however.

(U) This does appear to be one of the more unique opportunities available to move towards a closer US-PRC relationship. It would also start things moving again vis-a-vis the PRC. It appears to have very limited risks for our own security, and does have other side benefits. It must be a conscious move on our part, however, and should be taken only after the relative risks and benefits have been evaluated by OSD, OJCS and the Services.

(U) Other comments and guidance on what action to take regarding the above-mentioned cases are requested.

Francis B. Kappeler
Francis B. Kappeler, Director
Military Technology Sharing

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THE UNDER SECRETARY OF DEFENSE

WASHINGTON D.C. 20301

RESEARCH AND
ENGINEERING

24 FEB 1981

MEMORANDUM FOR THE SPECIAL ASSISTANT TO THE SECRETARY AND DEPUTY SECRETARY
OF DEFENSE

SUBJECT: Status Report on PRC Munitions and Commodity Export Cases

As requested, please find attached the following items by tab:

TAB A - PRC munitions cases referred to DoD from 1 January 1980 to
~~10 January~~
~~3 March~~ 1981 by the Department of State

TAB B - PRC Commodity Control export cases referred to DoD by the Department
of Commerce from 1 January to 9 October 1980

TAB C - Military equipment the PRC has expressed strong interest in but for
which no munitions license applications have been submitted

The updated munitions list (Tab A) should ^{not} be considered a draft as the
Department of State is still in the process of verifying the status of each
case and adding new cases to the list which have come in since 21 January 1981.
As of 20 January, a total of 102 munitions cases have been referred to DoD by
State, and we estimate that approximately 20 additional munitions license
applications have been received since President Reagan's inauguration. All
of these applications will be shown in our 1 March update. Due to an extremely
heavy case load, the Office of Technology Trade has been unable to update the
list of dual-use items covered by the Commodity Control List (CCL). Unless
directed otherwise, we will ask that a complete list of PRC requests for items
on the CCL be sent to the CIA by the Office of Export Administration (OEA) of
the Department of Commerce.

It should be realized that without holding detailed discussions with all of
the U.S. industry representatives doing business with the PRC, there is no
realistic way of knowing precisely everything the Chinese may wish to export
from the U.S. Rather than risk outright disapproval by the U.S. Government,
the Chinese typically try to get U.S. companies to seek an advisory opinion
from the U.S. Government as to whether or not a particular request will be
approved prior to making formal application. For your information, of the
102 munitions cases received from State, nine are still open (i.e., pending)
and 93 have been closed. Of the 93 closed, 50 were approved, four were dis-
approved, 31 were withdrawn and eight were Returned Without Action (RWA).
Almost all of the 39 cases either withdrawn or RWA would have been disapproved
by DoD. The export of the SCOUT Space Launch Vehicle was one such RWA case
we would have strongly disapproved of because of its strategic potential as
a Chinese ICBM.

The Chinese have expressed very keen interest in a number of military items which are either expressly prohibited by current U.S. policy or are not in the categories of equipment permitted for export by Munitions Newsletter #81. The major examples include their specific requests for anti-tank weapons, over the horizon (OTH) radar and for U.S. assistance in improving their F-8 interceptor aircraft, including fire control and inertial navigation systems, ECM gear, etc. We have also informally learned of a number of PRC inquiries for munitions items which neither the Chinese nor U.S. industry have officially requested permission to export. Examples of these are noted at Tab C.

By way of additional background, Dr. Frank Kapper, Director, Military Technology Sharing, OUSDRE did, with Dr. Dinneen's approval, meet with Mr. Charles Neuhauser, Assistant National Intelligence Officer (NIO) for East Asia (now Acting NIO) on 1 July 1980. The purpose of his meeting was to both give and receive information which would be helpful to the CIA on the one hand and to the USDRE during his September visit to China.

Mr. Neuhauser was provided copies of all MFR's which documented the meetings with Mr. Liu Huaqing and Vice Premier Geng Biao. In addition, the CIA was provided the then most recent copies of the list of munitions and dual-use export cases that had been referred to DoD by the Departments of State and Commerce. Mr. Neuhauser was also given copies of all PRC wish lists including the one given to Dr. Dinenen by Mr. Liu on 6 May 1980. Also provided was a copy of the 3 June 1980 "Summary of United States Department of Defense Positions on PRC Requests for Military Support Equipment". This is the a-b-c category list which identifies items we would consider for export (a); items we felt we needed more information on (b) and items we said we would not consider for export (c). Mr. Neuhauser stated he had accompanied Secretary Brown on his January 1980 trip to China and had also been designated as the CIA focal point for all activities relating to China. A copy of Dr. Perry's trip report on his visit to China was also provided to the CIA.

In short, the CIA in the person of Mr. Neuhauser has already been provided extensive background information on what our earlier discussions with the Chinese were and also on those items which the PRC had expressed specific interest in. CIA also has representation on both the Technical Advisory Committees (TACs) and on the Operating Committee (OC). More specifically, Mr. George Sember of CIA is a non-voting member of the interagency Operating Committee, which is chaired by the Department of Commerce. Mr. Sember serves as the interface for both State and CIA on export license requests for all proscribed countries. As a result of a recent CIA-Commerce agreement, he also has access to any information required by his Agency.

USD P

Walter B. LaBerge
Acting